



Environmental Services Division
Land Quality Bureau

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Record High Energy Prices and Market Volatility Continues

Market volatility continues in crude oil markets. A barrel of West Texas Cushing Sweet Crude Oil reached a record high of \$145.66 on July 11th, but the price declined to \$134.60 on July 16th. The July 16th price is a 1.2 percent decrease over June's price of \$136.25 and a 79 percent increase over the July 2007 price of \$75.06.

"Gasoline and diesel prices continue to hover in record territory, and oil prices are reacting to economic and political news from around the world," said Tommi Makila, an Iowa Department of Natural Resources Energy Policy Analyst. "The crude oil price drop this week has been due to the slowing U.S. economy and expected petroleum demand reduction. On the other hand, bad news from oil producing countries could very well push oil prices back to record highs. Market volatility seems to be here to stay."

The July 15th average price of 10 percent ethanol blended mid-grade gasoline in Iowa was \$3.93 per gallon, an 1.8 percent increase from June's average price of \$3.86 per gallon and a 27 percent increase from the July 2007 price of \$3.10 price per gallon of the same blend.

Diesel fuel prices remain high as well. The July 15th average price for diesel in Iowa was \$4.69 per gallon, \$0.01 higher than June's price and up 59 percent from the July 2007 price of \$2.95.

With high gasoline and diesel prices dominating media headlines, the prospect of higher utility bills this coming heating season may come as a surprise to many Iowans. "Natural gas and other heating fuel prices are significantly above last year's levels. If prices remain at this level or go up, many Iowans will face higher utility bills this winter," Makila said.

On July 16th, natural gas was trading at \$11.22/MMBtu, down \$1.74/MMBtu from last month and \$4.95 higher than one year ago, a 79 percent increase. The U.S. Department of Energy, Energy Information Administration reports that working natural gas in storage as of July 4, 2008 was 2,208 billion cubic feet (Bcf), 70 Bcf below the 5-year average (2003-2007), and 389 Bcf below the level during the corresponding week last year.

A survey completed by the Iowa Department of Natural Resources on July 16, 2008, indicated that the average retail price of heating oil in Iowa was \$4.33 per gallon, \$0.06 higher than last

month, and \$1.75 higher than the price of heating oil at this time last year, a 68 percent increase. The same survey found that propane is selling in Iowa for an average of \$2.21 per gallon across the state, \$0.03 higher than a month ago, and \$0.64 higher than the price at this time last year, a 41 percent increase.

To limit the impact of high energy prices on their wallets, consumers should make improvements to their homes' and vehicles' energy efficiency. Tips for saving energy and money at home and on the road are available at www.EnergySavingTips.gov.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	7/15/08	6/17/08	Difference
Ames	\$3.93	\$3.88	+\$0.05
Cedar Rapids	\$3.93	\$3.94	-\$0.01
Council Bluffs	\$3.86	\$3.76	+\$0.10
Davenport	\$4.02	\$3.83	+\$0.19
Des Moines	\$3.95	\$3.81	+\$0.14
Dubuque	\$3.92	\$4.01	-\$0.09
Fort Dodge	\$3.91	\$3.89	+\$0.02
Iowa City	\$3.98	\$3.91	+\$0.07
Sioux City	\$3.90	\$3.84	+\$0.06
Waterloo	\$3.89	\$3.77	+\$0.12
Webster City	\$3.94	\$3.85	+\$0.09
Average Metro Price	\$3.93	\$3.86	+\$0.07

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	7/15/08	6/17/08	Difference
Regular Unleaded with 10% Ethanol	\$3.93	\$3.86	+\$0.07
Regular Unleaded	\$3.99	\$3.92	+\$0.07
Premium Unleaded	\$4.07	\$4.03	+\$0.04
Diesel	\$4.69	\$4.68	+\$0.01

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	7/16/08	6/17/08	Difference
Natural Gas	11.22/MMbtu	12.96/MMbtu	-\$1.74/MMbtu

Source: Wall Street Journal

Heating Fuel Type	7/16/08	6/17/08	Difference
Propane	\$2.21	\$2.18	+\$0.03
#2 Heating Oil	\$4.33	\$4.27	+\$0.06

Source: Iowa Department of Natural Resources

